

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 SP-02 USIA-06 AID-05 EB-08
NSC-05 TRSE-00 SS-15 STR-05 OMB-01 CEA-01 L-03
H-01 PA-01 PRS-01 CIAE-00 COME-00 EA-10 FRB-03
INR-07 NEA-10 NSAE-00 OPIC-03 LAB-04 SIL-01
AGRE-00 DOE-11 SOE-02 OES-07 PM-05 DODE-00 /143 W
-----106402 101628Z /53

R 101205Z JAN 78
FM AMEMBASSY ANKARA
TO SECSTATE WASHDC 140
INFO AMCONSUL ADANA POUCH
AMEMBASSY ATHENS
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMCONSUL ISTANBUL
AMCONSUL IZMIR
AMEMBASSY NICOSIA
AMEMBASSY PARIS
CINCUSAFE
USCINCEUR
USDOCOLANDSOUTHEAST IZMIR POUCH
USDOCOSOUTH NAPLES
USMISSION GENEVA
USMISSION USNATO

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USEEC
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E.O. 11652: NA
TAGS: EGEN, TU
SUBJECT: FIRST PUBLIC INDICATIONS OF ECEVIT GOVERNMENT'S
ECONOMIC POLICIES
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REF: (A) ANKARA 0151 (090530Z JAN 78), (B) ANKARA 0184
(091435Z JAN 78)

SUMMARY: ECEVIT GOVERNMENT HAS YET TO SUBMIT ITS PROGRAM, BUT A
FEW PRELIMINARY INDICATIONS OF ITS ECONOMIC POLICIES ARE BEGINNING
TO EMERGE INTO PUBLIC VIEW. IT APPEARS, ON THE BASIS OF PRESS

REPORTS, THAT THE NEW GOVERNMENT WILL KEEP THE 1978 BUDGET PREPARED BY THE DEMIREL COALITION, AFTER MAKING A FEW ADJUSTMENTS, BUT WILL REJECT THE FIVE-YEAR PLAN DRAFT, MAKING 1978 A TRANSITIONAL PERIOD, NOT PART OF A LONG-RANG PLAN. EMPHASIS ON DEVELOPMENT OF INVESTMENT GOODS INDUSTRY IS TO BE MAINTAINED; IT IS CLAIMED, OF COURSE, THAT IMPLEMENTATION WILL BE MORE EFFECTIVE. IN AN INTERVIEW WITH THE WASHINGTON POST, ECEVIT REPORTEDLY CHARACTERIZED IMF CONDITIONS FOR STAND-BY CREDIT AS UNACCEPTABLE. IN AN INTERVIEW WITH A TURKISH PAPER (REF B), HE INDICATED THAT BECAUSE TURKEY, AS BOTH A DEMOCRATIC AND DEVELOPING COUNTRY, HAS LIMITED MEANS FOR ENFORCING IMF MEASURES, THE IMF SHOULD SOFTEN ITS TERMS. NEVERTHELESS, HE HOPED A POSITIVE DIALOGUE COULD BE ESTABLISHED. IT APPEARS THAT REPUBLICAN PEOPLES PARTY (RPP) INSIDER'S VIEWS REPORTED IN REF A ARE BEING GIVEN PUBLIC EXPRESSION. HOWEVER, ECEVIT IS SEEKING A MEANS OF MAKING ANY AGREEMENT WITH IMF HIS OWN. END SUMMARY.

1. THE NEW ECEVIT GOVERNMENT WAS NAMED ONLY A FEW DAYS AGO, AND ITS PROGRAM HAS YET TO BE SUBMITTED TO PARLIAMENT. PRIME MINISTER ECEVIT HAS TENDED TO AVOID SPECIFIC STATEMENTS ON MATTERS OF ECONOMIC INTEREST, BUT A FEW SIGNIFICANT INDICATIONS OF HIS GOVERNMENT'S ECONOMIC POLICIES HAVE APPEARED IN THE PRESS.

2. ACCORDING TO ACCOUNTS IN MILLIYET, WHICH IS CLOSEST AMONG THE MAJOR DAILIES TO ECEVIT'S RPP, THE GOVERNMENT WILL ESSENTIALLY KEEP THE 1978 BUDGET PREPARED BY THE DEMIREL COALITION AFTER MAKING SOME LIMITED OFFICIAL USE

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CHANGES. THIS MEANS THAT A REGULAR FULL-YEAR BUDGET WOULD BE APPROVED WITHIN THE STATUTORY TIME LIMIT (MARCH 1), ASSUMING THAT THE NEW GOVERNMENT WINS ITS VOTE OF CONFIDENCE AS EXPECTED. THE DRAFT OF THE FOURTH FIVE-YEAR PLAN, PREPARED IN HASTE BY THE DEMIREL GOVERNMENT, WILL BE REJECTED, HOWEVER. IN ITS PLACE THE ECEVIT GOVERNMENT WILL INTRODUCE A LAW MAKING 1978 A "TRANSITIONAL PERIOD" THAT IS NOT TO BE VIEWED AS A PART OF A LONG-RANG PLAN.

3. MILLIYET INDICATED, WITHOUT ATTRIBUTION, THAT MOTOR, CONSTRUCTION MACHINERY, MACHINE TOOL, SHIPBUILDING AND LAND-VEHICLE INDUSTRIES WOULD BE GIVEN PRIORITY IN DEVELOPMENT PLANS. HOWEVER, INDUSTRIALIZATION POLICY WILL BE PLANNED AND EFFECTED IN CONJUNCTION WITH ENERGY POLICY AND FINANCIAL POSSIBILITIES.

4. OPPOSITION TERCUMAN REPORTED THAT IN WASHINGTON POST INTERVIEW ECEVIT HAD CHARACTERIZED IMF CONDITIONS FOR STAND-BY CREDIT AS UNACCEPTABLE. IN AN EXCLUSIVE INTERVIEW WITH CUNEYT ARCA YUREK IN POPULAR DAILY HURRIYET, ECEVIT APPEARED MORE UPBEAT, HOWEVER. (REF B)
BRIEFLY, HE GAVE A POSITIVE INTERPRETATION TO THE FUNCTIONS OF THE IMF, BUT CLAIMED SPECIAL CONSIDERATION FOR TURKEY BECAUSE, IN HIS WORDS, TURKEY IS THE ONLY DEVELOPING NATION THAT HAS BEEN

CONTINUOUSLY DEMOCRATIC(SIC) SINCE THE SECOND WORLD WAR. ACCORDING TO ECEVIT, CLASSIC IMF MEASURES SUITABLE TO DEVELOPED NATIONS, ON ONE HAND, OR TO DEVELOPING NATIONS UNDER DICTATORIAL REGIMES, ON THE OTHER, SHOULD AT LEAST BE SOFTENED IN THE CASE OF A NATION, LIKE TURKEY, WHICH IS AT ONECE DEVELOPING AND DEMOCRATIC. ECEVIT SUGGESTED THAT TURKEY MIGHT DEVELOP ITS OWN MEASURES THAT WOULD BE PERHAPS MORE EFFECTIVE, AND SAID THAT HE HOPED A POSITIVE DIALOGUE COULD BE ESTABLISHED.

5. COMMENT: IT APPEARS THAT MANY OF THE VIEWS EXPRESSED BY RPP INSIDER KURUC TO ECON COUNSELOR IN REF A ARE BEING MADE PUBLIC AS UNATTRIBUTED PRESS BACKGROUND. WITH RESPECT TO THE IMF, ECEVIT APPEARS TO BE FISHING FOR A MEANS OF ACCEPTING AN IMF STANDBY AGREEMENT THAT WILL NOT REFLECT CREDIT ON DEMIREL LIMITED OFFICIAL USE

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GOVERNMENT'S EFFORTS OR OFFEND ECEVIT'S SENSITIVITIES TO TAKING ORDERS FROM OUTSIDE. THE NEW GOVERNMENT IS EXPECTED TO PRESENT ITS PROGRAM TO PARLIAMENT JANUARY 12. WE EXPECT TO HAVE MORE DETAILED INFORMATION TO REPORT AT THAT TIME.

6. ACTION REQUESTED: EMBASSY WOULD APPRECIATE RECEIVING COPY OF WASHINGTON POST INTERVIEW. SPIERS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 10 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978ANKARA00201
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780014-1085
Format: TEL
From: ANKARA USEEC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780183/aaaacrpv.tel
Line Count: 144
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 24b26de5-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 ANKARA 151, 78 ANKARA 184
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 26 apr 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3804153
Secure: OPEN
Status: NATIVE
Subject: FIRST PUBLIC INDICATIONS OF ECEVIT GOVERNMENT'S ECONOMIC POLICIES LIMITED OFFICIAL USE
TAGS: EGEN, TU, (ECEVIT, BULENT)
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/24b26de5-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014